

HB 6 AND HB 7 POLICY QUESTION (FYC)

One item not covered in the executive action work to date on HB 6 and HB 7 is the question of the "perpetual" allowance to use the funds in the RRGL and RDGP account for natural resource administrative costs.

History

Last session, when the LRP subcommittee realized that there were illegal appropriations of funds from the grant accounts, the subcommittee recommended a *temporary* amendment to statute. The amendment allowed the funds in the grant accounts to be used for other types of "natural resource" related administrative costs (the fix to this situation is in HB 116), in the 2005 biennium only.

Current

HB 6 and HB 7 both include amendments to the temporary language added in the 2005 session. The amendments will make the allowance provided by the 59th Legislature permanent and will allow funds in the grant account to be used to fund "natural resource" administrative costs indefinitely. Furthermore, there is no limitation to the use of the funds for administrative expenses, except appropriations must be for natural resource administration purposes.

Example from HB 6

Section 6. Section 85-1-604, MCA, is amended to read:

"85-1-604. Renewable resource grant and loan program state special revenue account created-- revenue allocated -- limitations on appropriations from account.

(1) There is a renewable resource grant and loan program state special revenue account within the state special revenue fund established in 17-2-102.

(2) Except to the extent that they are required to be credited to the renewable resource loan debt service fund pursuant to 85-1-603, there must be paid into the renewable resource grant and loan program state special revenue account:

(a) the interest income of the resource indemnity trust fund as provided in and subject to the conditions 60th Legislature HB0006.01 of 15-38-202;

(b) the excess of the coal severance tax proceeds allocated by 85-1-603 to the renewable resource loan debt service fund above debt service requirements as provided in and subject to the conditions of 85-1-619; and

(c) any fees or charges collected by the department pursuant to 85-1-616 for the servicing of loans, including arrangements for obtaining security interests.

(3) Appropriations may be made from the renewable resource grant and loan program state special revenue account for:

(a) grants for designated projects and the activities authorized in 85-1-602(1)(a); and

(b) administrative expenses, including salaries and expenses for personnel and equipment, office space, and other expenses necessarily incurred in the administration of the grant and loan program. The expenses under this subsection (3)(b) may be funded before funding of projects.

(4) ~~For the biennium beginning July 1, 2005, Appropriations~~ may be made from the renewable resource grant and loan program state special revenue account for administrative expenses, including salaries and expenses for personnel and equipment, office space, and other expenses necessarily incurred in natural resource-related programs. ~~(Subsection (4) terminates June 30, 2007-- sec. 11, Ch. 307, L. 2005.)"~~

If HB 116 is passed by the 60th Legislature, both grant accounts will be eliminated. These two accounts will be replaced by one "natural resource projects" account, which will be (informally) defined in the new statute as Renewable Resource and Reclamation and Development grants. However, if HB 116 is NOT passed by the 60th Legislature, then the grant funds, through the amendments made in HB 6 and HB 7, will be made available to fund "natural resource" administration without limit.

This action represents a change in policy. The LRP subcommittee should take this change into consideration.